Annual Report • 2004 / 2005

"Bringing the waterfront to the community and the community to the waterfront."

Waterfront Development Corporation Limited

NOVA SCOTIA

Awards

2004
ASTA Best Port Award - 2004 "Port of the Year" - This is the third time in a row that Halifax has been recognized as "Best Port" in a Tall Ships Race

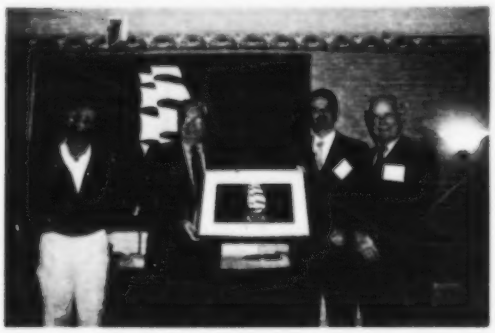


Photo Credit: WDCL Staff

2005
Honourable mention for 2005 Urban Design in the HRM Public Open Spaces Category – for developing a user-friendly accessible trail along the Dartmouth waterfront

Fiscal Year

April 1, 2004 – March 31, 2005

Auditors

Grant Thornton LLP

Production

Annual Report was designed in house

Board of Directors

Eric Thomson, Chairman

Directors

Alan Barkhouse	David Harrison
Ken Giffin	Jack Leedham
Ruth Goldbloom	Brian Lugar
Robert Hartlin	Fred Were

In Memoriam

Robert Hartlin served on the WDCL Board of Directors from 2000-2005. WDCL has dedicated a bench in South Battery Park as a place for family and friends to remember Bob.

Staff

Eric Burchill	Janet Sullivan
Bill Campbell	Heather Russell
Carolyn Gilbert	Fred Were
Leanne Strathdee	John Wright

Dennis DeChenne	Jim Simpson
Bill Gray	David Wynacht
Jim Terrio	

Message from the Corporation

The 2004 fiscal year was a motivating year of development and growth for Waterfront Development Corporation Limited (WDCL).

Important to mention is the success of the summer Tall Ships event which drew more than 500,000 visitors to Nova Scotia. The event generated $18.2 million in incremental spending in our province and created 550 jobs. WDCL would again like to thank the Province of Nova Scotia and the many generous sponsors who helped contribute to the success of the event.

WDCL continued development in Bedford, Dartmouth and Halifax, throughout this year. In Halifax, WDCL, in conjunction with the private sector began a feasibility study for the development of Queen's Landing and an expansion of the Maritime Museum of the Atlantic. The project will, among other things, examine the inclusion of a Canadian Naval Centre and a solution to preserving the HMCS Sackville.

In Bedford, a new public boat ramp was constructed alongside the new South Jetty. This completes a commitment to provide a public access boat launch in Bedford. Additionally the walking trail along the Bedford Harbourwalk was extended to link the trail from Shore Drive to the South Jetty.

WDCL worked with the Office of Economic Development and a consultant to review its mandate and governance structure. The review also examined the expansion of the mandate to include provincial lands surrounding the whole of Halifax Harbour.

Photo Credit: Jocelyn d'Entremont

Mandate

WDCL is a crown corporation that was established in 1976 to revitalize the waterfronts of Bedford, Dartmouth, and Halifax. The mandate of the corporation includes:

- Property acquisition, management and development within designated areas of Bedford, Dartmouth and Halifax.
- Marketing and promotion designed to attract public use of the waterfronts.
- Coordination and planning of the waterfronts of Bedford, Dartmouth and Halifax including championing assets owned by the province throughout the entire harbour.

Mandate Review

During this past year a review of the corporation's mandate was undertaken by the provincial government. The review was to examine overall governance in relation to reporting mechanisms and more importantly, the appropriate avenue for provincial coordination in the marine industrial development of the harbour. It is expected that the corporation will undertake its new mandate in 2005.

Mission

To serve as champion of a dynamic vision and to plan, coordinate, promote and develop properties, events and activities on designated waterfronts around the Halifax Harbour.

Strategic Goals

The corporation's strategic goals include providing infrastructure, opportunity and support for public and private investment that will enhance the capital region as a place to live, do business, invest and visit. By enhancing the quality of the waterfronts for residents and visitors, the corporation creates the opportunity for continuing economic growth by creating increased leisure traffic, meeting and convention activity, attracting new festivals and events, and additional residential, institutional and commercial development. An emphasis is placed on quality development and programs that will make all Nova Scotians proud of their capital region and province, and encourage people to visit Nova Scotia.

Financial Highlights

WDCL generated positive cash flow from operations of $1.3 million, using the funds to pay down long-term debt and improve public infrastructure in Bedford, Dartmouth and Halifax. Debt was reduced by $1 million in 2004-05; $400,000 was allocated to the Infrastructure Renewal Fund, and $250,000 was allocated to the Special Events and Festivals Fund, which will provide funding for future events.

Net earnings were $865,574 on revenue of $3.6 million, compared to $1,045,354 on revenue of $3.2 million in the previous year.

In spite of financial challenges, such as a downturn in parking lot revenue, and conversion of some revenue-producing property to park and public space, the corporation expects to continue to generate cash flow to make further improvements on the waterfronts.

As redevelopment of lands (which currently generate revenue from parking) occurs continuous efforts will have to be made by the corporation to seek new sources of revenue to cover operating costs and pay down the debt.

Acquisition / Management / Development

Hurricane Recovery

Repairs to damage from Hurricane Juan were completed, and a relatively small portion of the total expense was covered by insurance. The corporation is taking steps to acquire insurance coverage that is more comprehensive than that currently in place.

New Vending Kiosks

The appearance of the vending area at Queen's Landing has been markedly improved with the completion of the last of five new kiosks.

photo credit: WDCL

Landscaping

The corporation has undertaken an intensified landscaping effort, which has made dramatic improvements along the Halifax Harbourwalk and other waterfront properties.

NSCAD & the Dartmouth Waterfront

The corporation was active in discussions with NSCAD University with respect to the concept locating additional campus facilities on corporation land in Dartmouth Cove. Preliminary concepts and feasibility studies were conducted and the project was seen as a natural fit to foster further redevelopment of Dartmouth Cove and downtown Dartmouth. The project was also seen to complement other institutional development on the shores of Dartmouth- namely the construction of the new NSCC campus on the Nova Scotia Hospital Lands. Unfortunately the university chose another location.

Bedford South Jetty

In 2004-2005 the corporation completed construction of the South Jetty in Mill Cove Bedford at a cost of $900,000. The jetty was constructed utilizing surplus DND concrete caissons. The construction of the jetty paves the way for the corporation to further develop recreational infrastructure and programming in the area. The jetty project also included the construction of a much needed public boat launch and an extension of the popular Bedford Harbourwalk.

Bedford Infill Operation

Infill operations continued through 2004-2005 with approximately 40,000 cubic yards of pyritic slate being received from nine contracts at the infill site. Infill activity was focused on the northern face of the waterlot to the east of the South Jetty. Winter operations focused on cutting down the existing fill face over the coming months. HRM was able to use the infill site as a snow disposal area to help with winter storm cleanup.

Bedford Playground

WDCL was pleased to initiate a partnership project between the corporation, Halifax Port Authority and Halifax Regional Municipality for the construction of a children's play structure in Dewolfe Park. The play structure is designed to represent the HMCS Haida- Admiral Harry Dewolfe's historic vessel. The playground has been very well received by the community and has led to a substantial increase in overall use of the park and waterfront.

Photo Credit: WDCL Staff

Coordination and Planning

Halifax Harbour Plan

Work was largely completed on this federal, provincial and municipal initiative to prepare a draft Halifax Harbour Plan which is part of HRM's regional planning process. Public consultation will continue into the next year.

George's Island

WDCL continues to believe that completing George's Island as a major attraction for the province must be furthered. Federal funding support for the $5 million plus project has not been budgeted. This project links to other initiatives in the harbour which need to be examined as part of the completion process.

photo credit: Province of Nova Scotia

Queen's Landing Museum Expansion

A request for proposals was issued for a private sector partner in a unique development opportunity to expand and rejuvenate the Maritime Museum of the Atlantic, create the Canadian Naval Heritage Centre and establish a permanent home for the HMCS Sackville. The Armour Group was the successful proponent and during the year approximately two-thirds of the feasibility study was completed. It is anticipated that the study, including concept plans, is scheduled for completion next year.

Salter Street Block

Negotiations continued with Centennial Group Limited, the selected proponent, for an exciting mixed-use development proposed for this Halifax waterfront. Design refinement and the negotiation of a land lease from the corporation were carried out. WDCL anticipates the development approval process for the project to continue in 2005-2006.

Rotary Centennial Project

The corporation entered into a memorandum of agreement with three of the metro Rotary groups for a public amenity for South Battery Park on the Halifax waterfront. The objectives of the project were to develop a public amenity to commemorate the 100th anniversary of Rotary International. A concept for a look-off and performance platform was developed. It is intended for this project to move into construction in 2005.

Proposed Look-off Commemorating the 100th Anniversary of Rotary International:

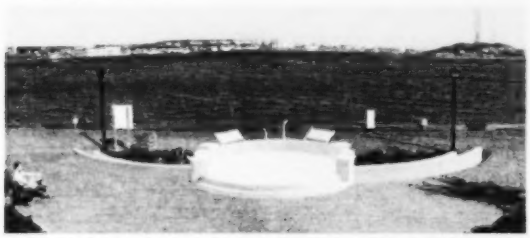


Photo Credit: WDCL Staff

Relocation of Heliport

Halifax Port Authority is making plans for opening a new waterfront heliport, to be located adjacent to the Point Pleasant Park parking lot. When this project is complete, the existing heliport at South Battery will be closed and the wharf will become accessible to the public as part of the Harbourwalk.

Post Confederation Waterlots

The issue of resolving the ownership of post confederation waterlots continues to be negotiated with the Halifax Port Authority (HPA). Progress has been made with HPA in finding a solution to this long standing matter. HPA and WDCL continue to work closely on a number of projects benefiting the waterfronts and the public.

Dartmouth Harbourwalk

Planning continues for the detailed design of the trail across the Shubenacadie Canal, through Dartmouth Cove to Old Ferry Road, where it will join with a section being planned by HRM. WDCL has invested over $330,000 on the planning, design and construction of this trail system. The corporation is partnering with HRM and coordinating with the Dartmouth Trails Assocation to implement the remaining phases of the Dartmouth Harbourwalk.

Dartmouth Harbourwalk:

Photo Credit: WDCL Staff

Dartmouth Cove Environmental

The corporation continued ongoing environmental assessments on lands in Dartmouth Cove as a precursor to the re-development of these lands. The initiatives provide required data pertaining to geotechnical and environmental conditions on the sites and this data will be utilized as development planning for the sites proceeds.

Nova Scotia Hospital Lands

The first phase of Dartmouth Harbourwalk was constructed on the hospital lands by WDCL. The construction of NSCC on this land and adjacent to the trail will, when completed, be a major new addition with provision of public washrooms and significant increase in use.

Phase II Planning Bedford

Staff continued discussions with HRM regarding the Municipal Planning Strategy amendment process for Phase II of the Bedford waterfront. Discussions continued between the corporation and the other private land owner- United Gulf Development regarding the potential for joint planning and infrastructure development. Included in these discussions is the Fast Ferry initiative of HRM.

Mill Cove, Bedford, N.S.:

Photo Credit: Jocelyn d'Entremont

Marketing & Promotions

WDCL set a number of marketing objectives for 2004 that included providing better information about, and accessibility to the corporation. The results of these objectives led to the design and implementation of a new website that is updated regularly; a new annual report format with upgraded quality and content; and increased public profile of the organization through proactive media relations and public events.

In addition to enhancing WDCL marketing and communications efforts, WDCL was a partner and sponsor of many events that happened along the waterfronts.

Tall Ship EAGLE:

Tall Ship MIRCEA:

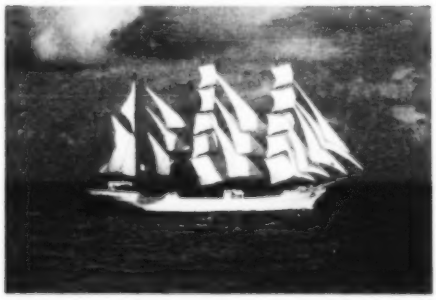


photo credit: Province of Nova Scotia

Tall Ships Challenge 2004

Following the success of Tall Ships 2000 – the province asked WDCL to take the lead in all future Tall Ships events in Nova Scotia. 2004 also marked the 400th anniversary of the arrival of the French in North America and the Congrès Mondial Acadien was woven into the theme for Tall Ships 2004. Additionally, the annual Grou Tyme festival shifted its dates to become part of the twenty-four ship event.

More than 500,000 people visited the Halifax waterfront during the 2004 Tall Ships event. In addition to the Halifax waterfront, the Outports Program supported Tall Ships visits to the ports of Sydney, Port Hawkesbury, Arichat, Lunenburg, Yarmouth, Pubnico, Metegahan, Digby and Shelburne.

In a salute to the planning and execution by the organizers, the exemplary volunteer effort and Nova Scotia's warm, traditional maritime welcome, Halifax was named '2004 Port of the Year' by the American Sail Training Association (ASTA).

ASTA singled out Halifax for its dedicated volunteers and ship liaisons, the educational and cultural opportunities offered to the sail trainees and crews, and the smooth handling of hundreds of thousands of people who visited the waterfront.

alFresco filmFesto

This summer outdoor film series at Tall Ships Quay continued to attract large crowds on the Halifax waterfront, and in Bedford through the Bedford Days community events. WDCL is a proud sponsor of this event, as it truly brings the waterfront to the community, and the community to the waterfront.

Bedford Days

Bedford Days is a community event that WDCL continues to support as a sponsor, and with staff serving on the Executive Committee. The 10-day event is filled with activities and events for youth, children and families, and boasts the largest fireworks display east of Montreal.

Celebrate Canada

This is the first time this event was hosted along the Halifax Harbourwalk. Activities included live entertainment, an escape artist, Unicorn Theatre, Cheerleader troupe, a magician, video games, Chalkmaster Dave and an entertainment tent with popular bands in the evenings.

Grou Tyme

Grou Tyme, an annual festival that celebrates the food, culture and Acadian experience was rescheduled from its regular September dates to coincide with the Tall Ships Challenge 2004 – A Salute to l'Acadie. This shift in dates provided a significant entertainment venue for the Acadian celebrations, and positioned Grou Tyme with an international festival.

Halifax-Dartmouth Natal Day

A civic festival celebrating the birthdays of Halifax and Dartmouth. The Natal Day events were also held during the Tall Ships Challenge 2004, which demonstrated to out-of-province visitors, our commitment to maritime tourism, culture, and heritage.

Photo Credit: WDCL Staff

Halifax Harbour Festival

Emerging from a previously commissioned study on the viability of a large maritime festival that would encompass accessible, family-oriented activities, WDCL contracted an event manager to begin the planning and development of a new Halifax Harbour Festival.

International Halifax Busker Festival

The International Busker's Festival is one of the largest annual events hosted on the Halifax Harbourwalk, both in scope and size. The 10-day event, spans property from the Casino to the Summit Place Amphitheatre with 10 performance stages and boasts crowds of more than 35,000 people daily.

Theodore Too

WDCL remained a proud Pioneer Sponsor of Theodore Tugboat through 2004.

Photo Credit: WDCL Staff

Outlook for the Future

In the last twelve months, WDCL has made considerable progress in every area, and our focus in the coming year will be on continuing and maintaining the momentum that these accomplishments have generated. With another successful and celebrated Tall Ships Challenge behind us, it is important not to lose focus on the future ones to come, as 2007 is fast approaching. The corporation began negotiations to secure Halifax as the venue for Tall Ships event in 2007 and 2009.

It is key to continue to build on our successes, and to use these achievements as stepping stones to ensure 2005-2006, and beyond are also successful. To accomplish this we will focus on fullfilling our mandate. Property redevelopment is a priority as is the promotion and marketing of the waterfronts and the projects being initiated within Bedford, Dartmouth and Halifax.

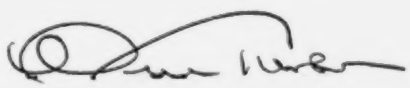
Our highly-qualified and dedicated board, made up of hardworking volunteers, believes fully in setting and achieving high standards in every aspect of work the corporation does. On behalf of the Board, we wish to thank the management and staff for their continual dedication and commitment in implementing and attaining these high standards. A special thank you to the Province of Nova Scotia and in particular the Minister of Economic Development, Ernest Fage, for unswerving interest and encouragement of our mandate.

As we move into our 30th year of bringing the community to the waterfront, and the waterfront to the community, we are confident in the directions we are pursuing, and feel that we have a bright year ahead of us, in all aspects of the waterfront.

To all our tenants, partners and stakeholders within the Bedford, Dartmouth and Halifax area, we would like to say thank you for your continued support, and we look forward to working with you in the coming months. And most importantly, we thank the many visitors who come out to enjoy the waterfront and all it has to offer.

Thank you.

Bill Campbell
Acting President



Eric Thomson
Chairman

Waterfront Development Corporation Limited

Financial Statements

March 31, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Management Statement on Financial Reporting

To the Shareholder of
Waterfront Development Corporation Limited

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is also responsible to ensure that all information reproduced in the annual report is consistent with the statements. In carrying out its responsibilities, management maintains appropriate systems of internal controls designed to ensure that the financial information produced is relevant and reliable and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

Ultimate responsibility for the financial statements rests with the Board of Directors. A Finance Committee of non-management Directors is appointed by the Board to review the financial statements in detail with management and to report to the Directors prior to their approval of the financial statements for publication. The Directors have established standards of conduct for employees to prevent conflicts of interest and unauthorized disclosure of confidential information.

The shareholder's auditors review the financial statements in detail and meet separately with both the Finance Committee and management to review their findings. Grant Thornton LLP, Chartered Accountants report directly to the shareholder.

Bill Campbell
Acting President
May 12, 2005

Eric Thomson
Chair
Board of Directors
May 12, 2005

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Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Shareholder of
Waterfront Development Corporation Limited

We have audited the balance sheet of **Waterfront Development Corporation Limited** at March 31, 2005 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Halifax, Nova Scotia
May 12, 2005

Grant Thornton LLP
Chartered Accountants

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Waterfront Development Corporation Limited
Statement of Earnings and Retained Earnings

Year Ended March 31	2005	2004
Revenue		
Rents	$ 3,038,017	$ 3,032,921
Recoveries	243,393	9,759
Interest income	1,684	924
Other income	12,463	30,543
Grant revenue	262,444	130,732
	3,558,001	3,204,879
Property expenses		
Property taxes	22,005	16,203
Operating	1,064,803	890,083
Depreciation and amortization	305,733	300,432
	1,392,541	1,206,718
Tall Ships revenue (Page 13)	1,883,024	-
Tall Ships expense (Page 13)	1,765,046	-
	117,978	-
Income before other items	2,283,438	1,998,161
Corporate expenses		
Directors' fees and expenses	65,968	55,878
Doubtful accounts expense (recovery)	29,389	(26,845)
Office operations	73,808	80,658
Professional fees		
Audit	24,500	14,500
Programs	164,498	68,433
Legal fees (recovery)	32,305	(204,170)
Salaries, contracts and benefits	558,183	511,876
Waterfront promotions and public relations	48,053	43,796
	996,704	544,126
Loan interest	178,585	233,897
Depreciation on facilities for public access	80,186	92,000
Contribution to non-owned infrastructure	162,389	82,784
	421,160	408,681
Net earnings before appropriations	865,574	1,045,354
Transfer to Special Events and Festivals Fund (Note 8)	(250,000)	-
Transfer to Infrastructure Renewal Fund (Page 14)	(400,000)	(400,000)
Net earnings	215,574	645,354
Retained earnings, beginning of year	4,066,388	3,421,034
Retained earnings, end of year	$ 4,281,962	$ 4,066,388

See accompanying notes to the financial statements.

Waterfront Development Corporation Limited
Balance Sheet

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents	$ 110,174	$ -
Receivables - trade	291,810	684,709
Notes receivable (Note 3)	59,726	23,963
Prepaids	23,954	31,124
Deferred costs	41,890	182,385
	527,554	922,181
Notes receivable (Note 3)	13,288	25,088
Real estate and development projects (Note 4)	27,749,493	27,405,676
Deferred pension costs	8,163	9,070
	$ 28,298,498	$ 28,362,015
Liabilities		
Current		
Bank indebtedness (Notes 5 and 9)	$ -	$ 164,366
Payables and accruals	749,123	404,826
Deferred revenue (Note 6)	221,667	478,798
	970,790	1,047,990
Deferred revenue (Note 6)	1,909,766	1,610,989
Loans payable (Note 5)	5,295,647	6,355,364
	8,176,203	9,014,343
Shareholder's Equity		
Capital stock (Note 7)	3	3
Contributed surplus	13,747,826	13,747,826
Special Events and Festivals Fund (Note 8 and Page 13)	250,000	-
Infrastructure Renewal Fund (Note 9 and Page 14)	1,842,504	1,533,455
Retained earnings	4,281,962	4,066,388
	20,122,295	19,347,672
	$ 28,298,498	$ 28,362,015

Commitments (Note 11)
Contingencies (Note 13)

On behalf of the Board

Director Alan L. Barkhouse Director

See accompanying notes to the financial statements.

Waterfront Development Corporation Limited
Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings before appropriation	$ 865,574	$ 1,045,354
Depreciation and amortization	385,919	392,432
	1,251,493	1,437,786
Change in non-cash operating working capital (Note 10)	885,768	(715,026)
	2,137,261	722,760
Financing		
Interest earned on Infrastructure Renewal Fund	46,950	45,517
Expenditures from Infrastructure Renewal Fund	(137,901)	(156,023)
Increase (decrease) in notes receivable	(23,963)	11,493
Decrease in loans payable	(1,059,717)	(300,000)
	(1,174,631)	(399,013)
Investing		
Purchase of equipment	(81,210)	(21,301)
Purchase of real estate and construction projects, net	(648,526)	(267,205)
Deferred revenue	41,646	161,373
	(688,090)	(127,133)
Net increase in cash and cash equivalents	274,540	196,614
Cash and cash equivalents, net of bank indebtedness Beginning of year	(164,366)	(360,980)
End of year	$ 110,174	$ (164,366)

See accompanying notes to the financial statements.

Waterfront Development Corporation Limited
Notes to the Financial Statements
March 31, 2005

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is to service as champion of a dynamic vision and to plan, coordinate, promote and develop properties, events and activities on designated waterfronts around Halifax Harbour.

2. Summary of significant accounting policies

Revenue recognition
Rent and recovery revenues are recorded on an accrual basis as earned.

Revenue generated as a result of property development is applied as a reduction in the cost. The Corporation receives amounts from third parties for dumping fill on a Corporation property. These amounts have been offset against accumulated development costs related to the property and the excess has been recorded as deferred revenue.

Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

Income taxes
As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

Depreciation
All expenditures directly related to acquisition, renovation and development are included in the cost of real estate.

Building and equipment
Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

Long-term lease
The cost of the lease referred to in Note 4 is amortized over its term.

Development costs
Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

2. Summary of significant accounting policies (continued)

Real estate and development projects
During the year the Corporation formalized a policy related to Section 3063 of the CICA Handbook, Impairment of Long-Lived Assets. This section affects how the Corporation determines and measures impairment. On an annual basis, the Corporation reviews the carrying amounts of properties held and used in the fulfilling of its mandate. This includes both revenue producing properties as well as properties held for the greater public interest.

If a change in circumstances or occurrence of particular events indicate that such carrying values may be impaired, the amount of the loss is determined by deducting the asset's fair value (as determined by an independent appraisal or comparison to objective market values of comparable properties) from its carrying value.

There are ongoing negotiations for potential development projects on the Bedford, Dartmouth and Halifax waterfronts. The outcome of these negotiations and the possible financial impact on fair market value of the existing land and buildings is indeterminable at this time.

Non-owned infrastructure
The Board of Directors approves expenditures related to improvements to facilities for public access which are not owned or leased by the Corporation. These expenditures are expensed as incurred.

Use of estimates
In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents and bank indebtedness
Cash and cash equivalents, net of bank indebtedness, is comprised of cash on hand, cash held in banks and credit facilities as detailed in Note 5.

Financial instruments
The fair value of cash and cash equivalents, receivables, payables and accruals, and loans payable approximate their carrying amounts because of their short term to maturity.

Notes receivable are subject to credit risk. In management's opinion these risks are not significant.

3. Notes receivable	2005	2004
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of $444 (due to lump sum payment), maturing June 2006.	$ 6,491	$ 23,889
Note receivable bearing interest at 9%, repayable in blended monthly payments of $253, maturing March 2008.	7,934	10,162
Note receivable bearing interest at 6%, repayable in blended monthly payments of $554, maturing March 2007.	12,502	15,000
Note receivable bearing interest at 6%, repayable in blended monthly payments of $69, maturing April 2009. Repaid in full subsequent to year end.	3,601	-
Note receivable, non-interest bearing, to be repaid in annual instalments due November 1st of each year beginning in November 2005. Repaid in full subsequent to year end.	42,486	-
	73,014	49,051
Less: Current portion	59,726	23,963
	$ 13,288	$ 25,088

4. Real estate and development projects	Cost	Accumulated Depreciation	2005 Net Book Value	2004 Net Book Value
Facilities for public access	$ 6,869,393	$ 1,536,957	$ 5,332,436	$ 4,964,695
Real estate and development projects	27,254,991	4,837,934	22,417,057	22,440,981
	$ 34,124,384	$ 6,374,891	$ 27,749,493	$ 27,405,676

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

5. Credit facility

(i) The Corporation has available a combined credit facility of $18,100,000, of which $14,500,000 is secured by a guarantee of the Province of Nova Scotia until February 15, 2007, bearing interest at the Bank of Montreal prime rate, less 0.95 percent. The additional $3,600,000 is available at the Bank's prime rate to be secured by a negative pledge regarding its real property.

(ii) Loans payable	2005	2004
Capital projects	$ 4,200,000	$ 4,600,000
Office of Economic Development, non-interest bearing	1,095,647	1,755,364
	$ 5,295,647	$ 6,355,364

The loan from the Office of Economic Development is secured by a charge over specific real property and is to be repaid from excess funds generated from sales of real estate development.

Cash flows resulting from the following have been used temporarily to repay the loan related to capital projects. If segregated funding was required or costs incurred to finance related developments and activities, and the amount was drawn against the credit facility, the loan payable for capital projects would increase from $4,200,000 to $8,202,270 and total loans to $9,297,517 as illustrated below:

	2005	2004
Capital projects:		
Loan payable	$ 4,200,000	$ 4,600,000
Bedford infill (Note 6)	1,909,766	1,610,989
Special events and festival fund (Note 8)	250,000	-
Infrastructure Renewal Fund (Note 9 and Page 14)	1,842,504	1,533,455
	8,202,270	7,744,444
Office of Economic Development, non-interest bearing	1,095,247	1,755,364
	$ 9,297,517	$ 9,499,808

6. Deferred revenue

	2005	2004
Current		
Economic recovery studies and proposals	$ 66,667	$ 92,811
Deposits for project developments	155,000	-
Tall Ships Challenge 2004 sponsorships	-	385,987
	$ 221,667	$ 478,798
Long-term		
Bedford Infill	$ 1,909,766	$ 1,610,989

6. Deferred revenue (continued)

The Corporation receives amounts from third parties for dumping fill in Bedford. The intent is to develop the property and utilize this long-term deferred revenue in that development over future periods.

In the current year, amounts received on the Bedford infill exceeded costs incurred and, therefore, the excess was added to the deferred revenue. In the prior year, costs incurred on the Bedford infill exceeded the amounts received and therefore the excess was removed from the deferred revenue and applied against those costs.

7. Capital stock

	2005	2004
Authorized:		
5,000 shares without nominal or par value		
Issued:		
3 shares	$ 3	$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

8. Special events and festivals fund

The special events and festivals fund has been established to provide a source of initial funding for future events and festivals that the Corporation promotes.

The Corporation has not established a separate cash investment account for this fund. All excess cash of the Corporation has been applied against the capital project loan payable (refer to Note 5). Any expenditures from this fund will be funded from the current credit facility.

9. Infrastructure renewal fund

The infrastructure renewal fund (Page 14) shall be used for the renewal or replacement of public use facilities such as wharves, boardwalks, and parks, when such work is required as a result of aging. In general, the fund will not be used for ordinary repairs necessitated by other causes, or for repair/replacement of minor portions of such assets. Exceptions may be made when deemed appropriate by management in consultation with the Board. Interest has been allocated to the fund based on the interest rate paid on the credit facility.

The Corporation has not established a separate cash investment account for the infrastructure renewal fund. All excess cash of the Corporation has been applied against the capital project loan payable (refer to Note 5). Any expenditures from this fund will be funded from the current credit facility.

10. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables - trade	$ 392,899	$ (479,205)
Prepaids	7,170	(24,177)
Deferred costs	140,495	(182,385)
Deferred pension costs	907	907
Payables and accruals	344,297	(30,166)
	$ 885,768	$ (715,026)
Cash and cash equivalents, net of bank indebtedness is comprised of the following:		
Cash in bank account and on hand	$ 110,174	$ 4,180
Line of credit	-	(168,546)
	$ 110,174	$ (164,366)
Interest paid	$ 178,585	$ 233,897

11. Commitments

(i) The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2006	$ 1,016
2007	1,016
2008	1,016
2009	1,016
2010	1,016

(ii) The Corporation has agreed to provide compensation, not to exceed $75,000, to replace fish habitat displaced as a result of infilling the Bedford Water lots.

12. Employee pension plan

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Service Superannuation Plan. The plan required payments for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at December 31, 2003 and includes pension assets of $2,982,100,000, and pension liabilities of $3,474,900,000, resulting in an unfunded liability of ($492,800,000). The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only five employees.

13. Contingencies

(i) Certain of the Corporation's claim over post-confederation waterlots are being disputed by the Halifax Port Authority. The Corporation is presently in discussions with the Halifax Port Authority to establish a memorandum of understanding. This could include a cash payment by the Corporation to the Halifax Port Authority to settle this dispute, or the swapping of Provincial lands not owned by the Corporation.

No legal action has taken place and the Corporation is hopeful of reaching a mutually agreeable settlement without legal intervention. The likelihood and amount of any cash payment is undeterminable at this time.

(ii) A contract exists with the Armour Group Limited respecting the Queen's Landing/Maritime Museum expansion project which establishes future commitments of the Corporation should the public portion of the development not proceed, the amount of which is undeterminable at this time.

(iii) The Corporation has been named in a claim presented to the courts, claiming breach of contracts in respect of a purchase and sale agreement for land in Bedford, Nova Scotia. The outcome is undetermined at his time and no amounts have been recorded in these financial statements. It has been determined that the likelihood of success by the plaintiff is low, but should the claim be successful, the Corporation will seek reimbursement from the Province.

14. Comparative figures

Certain of the comparative figures have been reclassified to conform with presentation adopted in the current year.

Waterfront Development Corporation Limited
Tall Ships Challenge 2004
Statement of Revenue and Expense

Year ended March 31

		2004
Revenue		
Private sponsorship	$	471,196
Government grant and sponsorships		988,266
Boarding pass sales and other		423,562
		1,883,024
Expense		
Administration		100,229
After ports program		436,246
ASTA fees		67,110
Fleet and crew		247,963
Insurance		20,985
Marketing		83,479
Property rental		54,000
Shore side/public viewing		356,656
Sponsor costs		48,778
Staff and management		317,646
Volunteer support		31,954
		1,765,046
Excess of revenue over expenditures	$	117,978

Waterfront Development Corporation Limited
Schedule of Revenue, Expense and Fund Balance for the Infrastructure Renewal Fund

Year ended March 31	2005	2004
Revenue		
Interest	$ 46,950	$ 45,517
Expense		
Cable wharf upgrade	137,901	156,023
Deficiency of expense over revenue	$ (90,951)	$ (110,506)
Fund Balance, beginning of year	$ 1,533,455	$ 1,243,961
Deficiency of expense over revenue	(90,951)	(110,506)
Transfer from operations	400,000	400,000
Fund Balance, end of year	$ 1,842,504	$ 1,533,455